

**BILL #** SB 1035

**SPONSOR:** Waring

**PREPARED BY:** Leah Kritzer

**TITLE:** military veterans; tuition waiver

**STATUS:** As Introduced

## FISCAL ANALYSIS

### Description

The bill would provide tuition waivers to military veterans residing in the state to attend an Arizona community college or public university under the jurisdiction of the Arizona Board of Regents.

### Estimated Impact

The General Fund impact of the bill cannot be determined, as it would depend on how veterans as a whole responded to new incentives created by the bill. To the extent that it reduces tuition collections from current students, the bill would reduce that fund source. If the bill creates a greater incentive to attend a community college or university, then there would be a General Fund cost, as higher enrollment generates additional funding.

There is insufficient information, however, to evaluate the bill's impact on current tuition or the incentive effect.

### Analysis

Arizona's Department of Veterans' Services (DVS) estimates that there are approximately 600,000 veterans currently residing in Arizona. Veterans receive an educational subsidy under the Montgomery GI Bill, which is a federal educational benefit offered to veterans who meet the eligibility criteria. Once a veteran has left military service, they have 10 years to use their Montgomery GI Bill benefits. According to the DVS, approximately 60,000, or 10% of the veteran population, have some entitlement left under the Montgomery GI Bill. Of those, currently around 6,400 veterans or their dependents, around 11% of those eligible, attend an Arizona community college or public university. While this number includes eligible veteran dependents, it indicates an overall veteran benefit usage rate.

#### Existing Students

Of those veterans currently using Montgomery GI Bill benefits, approximately 4,500 attend an Arizona community college and 1,900 attend an Arizona public university according to DVS data. Data are not available regarding the proportion of veterans who attend college as full-time versus part-time students. For students in general who attend college full time in FY 2008, however, the average tuition cost is \$1,800 at community colleges and \$4,900 at universities.

The proposed veteran tuition waiver would result in reduced tuition revenues for community colleges and universities. The amount of revenue loss would depend on the extent to which veterans already are receiving waivers or other tuition deductions from community colleges and universities. Data on such current waivers for veterans are not available.

#### Potential New Students:

The bill could increase the number of veterans attending universities and community colleges in Arizona, since it would provide waivers to veterans who are no longer eligible for benefits under the Montgomery GI Bill and would supplement GI Bill benefits to veterans who are still eligible for them. While other states have implemented tuition waiver programs, comparable data could not be obtained to reliably estimate the number of additional veterans, if any, who would attend college in Arizona because of the bill.

(Continued)

If a veteran is utilizing the standard GI Bill benefit package as a full-time student, they receive the full GI Bill payment rate, which is currently \$1,101 a month, for the duration of their enrollment up to 36 months. This benefit may be used for tuition, but can also be used to pay for books, fees, and living expenses. Therefore, if a veteran is currently using their GI Bill benefit, they could still use the proposed tuition waiver in addition to their current educational benefit package. If a veteran is not eligible for GI Bill benefits, the proposed tuition waiver could be an incentive to receive new educational benefits, or supplement other potential financial aid or scholarship packages.

If veteran enrollments did increase under the bill, state General Fund formula costs for universities and community colleges would grow. In FY 2009, for example, each additional community college FTSE would cost the General Fund an average of \$1,200, while each additional university FTE would cost the state an average of \$7,700.

### **Local Government Impact**

The bill could reduce community college tuition revenues from veterans, but increase their state formula funding due to higher veteran enrollments. Potentially higher veteran enrollment could also increase their operating costs. The net fiscal impact to community colleges is unknown, as it would depend on how veterans responded to new incentives created by the bill.

2/14/08